

KRISHNA*Krishna Capital & Securities Ltd***NOTICE**

Notice is hereby give that the 13th Annual General Meeting of the members of the company will be held at the Registered office of the Company on 29th September, 2007 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive consider and adopt the Audited Profit & Loss for the Period ended 31st March 2007 of the company and Balance Sheet as at 31st March, 2007 and the Reports of the Directors and Auditors there on.
2. To appoint M/S KPSJ & Associates Retiring Auditors as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the company.
3. To appoint Director in place of Mr. Vinod B. Agrawal who retire by rotation and being eligible offers himself for reappointment.

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NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The instrument of proxy should be deposited at the Registered office of the company not less 48 hours before the commencement of the meeting.
3. The register of member and share transfer Book of the company shall remain closed, from 22/9/2007 to 29/9/2007 [both days inclusive].
4. Members are requested to notify immediately change in their address, if any, at the registered office of the company, quoting their folio numbers.

BY THE ORDER OF THE BOARD.

Place : Ahmedabad

[MANAGING DIRECTOR] [DIRECTOR]

Date : 04/09/2007

DIRECTOR'S REPORT

To,
The Member's
KRISHNA CAPITAL & SECURITIES LIMITED

Your directors submit the Annual Report of the company along with the audited accounts for the March 2007.

FINANCIAL RESULT :

| | (IN LACS) | |
|------------------------------------|-------------|------------|
| | 31.03.2007 | 31.03.2006 |
| TOTAL INCOME | 179.63 | 389.22 |
| NET PROFIT BEFORE TAXATION | 15.23 | -03.78 |
| NET PROFIT AFTER TAX | 13.48 | -04.16 |
| BALANCE B/F. FROM LAST YEAR | 14.10 | 18.27 |
| PROFIT AVAILABLE FOR APPROPRIATION | 27.58 | 14.10 |

DIVIDEND :

Keeping in the view the future plans the company, the Board of Directors do not recommend dividend for the financial year ended on 31st March, 2007.

OPERATION :

The performance of the company was satisfactory during the year under review. The Net Profit Before Tax is Rs. 15.23 Lacs.

PUBLIC DEPOSITS :

The Company has not accepted any deposits from the public during the period under review.

AUDITOR'S :

The Company's Auditors M/s. KPSJ & ASSOCIATES Chartered Accountants retire and are eligible for reappointment. You are requested to appoint and authorise your directors to fix their remuneration.



DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your directors declares that:

- a. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit / loss of the company.
- c. The directors have been taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The directors have prepared the annual accounts on a going concern basis.

DIRECTORS:

At the ensuing annual general meeting Mr. Vinod B. Agrawal, Director of the company will retire by rotation and being eligible offers himself for reappointment.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars as required by the Companies with (Disclosure of particulars in the Report of Board of Directors) regard to Conservation of Energy etc, are nil in view of the business of the company.

PARTICULARS OF EMPLOYEES:

As no employee of the company was in receipt of gross remuneration of Rs. 24,00,000/- or more per Year Rs. 2,00,000/- or more per month during the year provision of section 217 (2A) of the companies Act, with the companies (Particulars of Employees) Rules 1957 are NIL.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance Report and Auditor's Certificate regarding compliance of condition of Corporate Governance, are made a part of the Annual Report.

ACKNOWLEDGEMENTS:

Your Directors place on record their acknowledgement and sincere appreciation to the Banks, Staff members and members for their continuous contribution to the growth and progress of the company.

For and on behalf of the Board of Directors,

KRISHNA CAPITAL & SECURITIES LIMITED

Date : 04/09/2007

Place : Ahmedabad

[MANAGING DIRECTOR] [DIRECTOR]



CORPORATE GOVERNANCE REPORT

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, Performance, ownership and governance of the company is an important part of corporate governance.

COMPANY'S PHILOSOPHY

The company is committed to adopt best Corporate Governance practice and endeavor continuously to implement the code of Corporate Governance in its true spirit. The philosophy of the company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholders value without compromising in any way its compliance with laws and regulations. The company has made corporate governance a practice and a process of development right across the company.

The Board of Directors:

1. Composition of Board

The Board of Directors has an optimum combination of Executive and Non-executive Directors with 75% of the Directors being Non-executive Directors. During the year under consideration Shri Rajesh Jindal Resigned as Director and Mr. Manish Patel was appointed as an independent Director on the Board. The composition of the Board of Directors of the company as on 31st March, 2007 is as under:

| Name | Designation/Category | No. of other Directorship and Committee Membership/Chairmanship | | |
|---------------|--|---|----------------------|------------------------|
| | | Other Directorship | Committee Membership | Committee Chairmanship |
| Ashok Agarwal | Managing Director/Executive /non Independent | 3 | 2 | - |
| Vinod Agarwal | Director/non Executive/ Non Independent | Nil | 3 | - |
| Manish Patel | Chairman/non Executive/ Independent Director | Nil | 3 | 3 |
| Tarun Garg | Director/non Executive/ Independent Director | Nil | 3 | - |

2. Attendance record of each Director

Five Board Meetings were held during the year 2006- 2007. These meetings were held on, 10.05.2006, 27.06.2006, 08.08.2006, 10.08.2006, 28.10.2006, 20.01.2007 and 23.01.2007

| Name | No. of BOD Meetings held | No. of BOD Meetings attended | Attendance at last AGM |
|-------------------------|--------------------------|------------------------------|------------------------|
| Mr. Ashok Kumar Agrawal | 7 | 7 | YES |
| Mr. Vinod B. Agrawal | 7 | 7 | YES |
| Mr. Tarun Garg | 7 | 7 | YES |
| Mr. Manish Patel | 7 | Nil | NO |

3. The company furnishes the relevant information in respect of the matter placed before the Board of Committee(s) including the matters listed in Annexure 1 to Clause 49 of the listing agreement, whichever applicable and materially significant.

4. Remuneration of Directors

Details of Remuneration paid/payable to the Directors for the year ended 31.3.2007 are as under :

| Name of Director | Sitting Fees (Rs.) | Gross Remuneration (Rs.) | Commission (Rs.) | Total (Rs.) |
|-------------------------|--------------------|--------------------------|------------------|-------------|
| Mr. Ashok Kumar Agrawal | - | 4,20,000 | - | 4,20,000 |

- Gross remuneration includes salary and perquisites. The company does not have any stock option scheme.
- The Executive Director has been appointed for a period of 5 years. As per the agreement either party is entitled to terminate the appointment by giving not less than 3 months notice to the other party.

Committees of the Board

During the course of the year, the Board of Director of the company, constituted the Audit Committee and the Investor's Grievances and Shares Transfer Committee and Remuneration Committee. The Committees meet as often as required.

1. Audit Committee:

- a) Terms of reference: Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the companies Act, 1956 the Committee meets Statutory Auditors and discusses their findings, suggestions, internal control systems, scope of audit, observations of the auditors and reviews accounting policies followed by the Company. The Committee reviews with the management the half yearly and annual financial statements before their submission to the Board.

The minutes of the Audit committee are placed and confirmed by the Board of Directors.

b)

| Name of the Member | Status | No. of meetings attended |
|--------------------|----------|--------------------------|
| Mr. Vinod Agarwal | Chairman | 3 |
| Mr. Manish Patel | Member | 3 |
| Mr. Tarun Garg | Member | 3 |

2. Investor's Grievances & Share Transfer committee

a) Terms of reference:

The existing Share Transfer Committee of the Company has been reconstituted as the Investor's Grievances and Share Transfer committee with necessary powers to carry out the additional responsibility of handling shareholder's / investor's grievances. The brief terms of reference of the committee include redressing shareholder and investor complaints like transfer transmission of shares, issue of duplicate share certificate, non-receipt of balance sheet, non-receipt of dividends etc.

b) Composition

The Committee comprises of 1 Executive Director Mr. Ashok Kumar Agarwal and 2 Non-Executive Directors Mr. Manish Patel and Mr. Tarun Garg.

KRISHNA

Details on General Meetings:

The last three Annual General Meetings of the Company were held as under:

| Financial Year | Location | Date | Time |
|----------------|-------------------------|------------|------------|
| 2005-06 | Shahibaug, Ahmedabad | 29/08/2006 | 11.00 A.M. |
| 2004-05 | Shahibaug, Ahmedabad | 28/08/2005 | 11.00 A.M. |
| 2003-04 | Shahibaug, Ahmedabad | 28/08/2004 | 11.00 A.M. |

No resolution was passed last year by Postal Ballot.

No resolution is proposed to be passed at the ensuing AGM by Postal Ballot.

Means of Communication

- Quarterly, half yearly and annual audited results of the Company were sent to the Stock Exchange immediately after the Board of Directors approves them. The results were published in English newspaper viz. 'WESTERN TIMES' in accordance with the listing requirement.
- Management Discussion and Analysis forms part of the Annual Report.

Disclosures**Related Party Transaction**

The Transactions with the related parties as per Accounting Standard AS-18 are set out in notes to accounts Schedule no. 17 forming part of financial statements.

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties have been imposed against the Company by Stock exchanges or SEBI or any other regulatory authority on any matter related to Capital Market during last three years

Management

The Management discussion and Analysis report forms part of this report. The Company has not entered any materially significant transactions during the year under report with Promoters, directors, senior management personnel etc. other transaction, if any, entered into in the normal course of business.

Risk Management

The Company has laid down procedure to inform board members about the risk assessment and minimization procedures. The procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.


Shareholding Pattern as on 31st March 2007.

| Particulars | Equity Shares | |
|-----------------------------|----------------|------------|
| | No. of Shares | Percentage |
| Directors & their Relatives | 1283000 | 40.63 |
| NRI | 77300 | 2.45 |
| Bodies Corporate | 209600 | 6.64 |
| Others | 1588500 | 50.28 |
| Total : | 3158400 | 100 |

Distribution of Equity Shares as on 31st March, 2007

| Sr. No. | Range | No. of Shares hold | % to Capital | No. of Shares holders | % of total holders |
|---------|------------------|--------------------|--------------|-----------------------|--------------------|
| 1 | 000001 To 005000 | 610600 | 19.33 | 5281 | 92.18 |
| 2 | 005001 To 010000 | 136000 | 4.31 | 161 | 2.81 |
| 3 | 010001 To 020000 | 139100 | 4.40 | 91 | 1.59 |
| 4 | 020001 To 030000 | 76100 | 2.41 | 31 | 0.54 |
| 5 | 030001 To 040000 | 91600 | 2.90 | 26 | 0.45 |
| 6 | 040001 To 050000 | 177800 | 5.63 | 37 | 0.65 |
| 7 | 050001 To 100000 | 404500 | 12.81 | 54 | 0.94 |
| 8 | Above 100001 | 1522700 | 48.21 | 48 | 0.84 |
| | Total | 3158400 | 100 | 5729 | 100 |

The Company has complied with all the requirements of the Stock Exchange/Securities and Exchange Board of India/any statutory authority on all matters relating to capital markets, during the last 3 years.

General Shareholder Information

13th Annual General Meeting

Venue : 604/C, Sahjanand Shopping Centre,
Shahibaug Road, Ahmedabad - 380004

Date : 29TH September, 2007

Time : 11.00 A.M.


Book Closure:

The Register of Members and Share Transfer books of the company shall remain close from 22/09/2007 to 29/09/2007 (both days inclusive).

Financial Calendar - 1st April to 31st March

| | | | |
|---|------------------------|---|----------------------|
| * | First Quarter Results | - | Last week of July |
| * | Second Quarter Results | - | Last Week of October |
| * | Third Quarter Results | - | Last Week of October |
| * | Fourth Quarter Results | - | May 2008 |

Listing on Stock Exchange and Stock Code and ISIN No.

The Company's shares are listed at The Stock Exchange, Ahmedabad. The stock code is 31092. The shares are traded under ISIN No. INE897B01019 by NSDL.

The Company has paid annual listing fees to The Stock Exchange, Ahmedabad for the financial year 2006 - 2007.

Market Price Data

The company's Shares have not been traded on the Stock Exchange during the financial year 2006-2007

Dematerialisation of shares

The shares of the Company fall under the category of compulsory delivery in dematerialized mode by all categories of investors'. The company has agreements with National Securities Depository Limited and Central Depositories Services (India) Limited. Nearly 16.92% of the share capital of the company has been dematerialized as on 31st March 2007. The company also offers simultaneous transfer cum demat facility to its investors'.

Registers and Share Transfer Agents

The company has appointed MCS LIMITED as Registrars and Transfer Agents for electronics shares. The average time taken in transfer of shares is 21 days. The depositories directly transfer the dematerialized shares to the beneficiaries.

Share Transfer System

Share transfers are registered and returned within a period of 15 days from the date of receipt, provided documents are correct and valid in all respect.

Outstanding GDRs/KDRs/Warrants or any convertible instruments, conversion date and likely impact on equity. Nil

Address for correspondence

In Respect of Shares
MCS Limited

In respect of any other Matters
604/c Shajanand Shopping Centre,
shahibaug, Ahmedabad - 380004

MANAGEMENT DISCUSSION & ANALYSIS

Business Overview

Capital Market is growing as many incentives are announced by the SEBI & government for Promoting capital market & protection of investors. Main favourable features of the market are:

1. Dematerialization of shares instead of physical to avoid duplication of shares.
2. Rolling settlement day to day.
3. Mechanism of payments through direct banking
4. LTCG is exempted
5. Dividend is now tax-free.
6. Reduced rates on Short term capital gain.
7. Disinvestment of PSU's through public offer
8. Regaining the confidence of public in capital market.

OPPORTUNITIES:

The opportunities continue to be in corporate restructuring that is on in a way in the industry. There is increasing acceptance of core competencies and spin offs and consolidation are activities in the industrial world. Therefore there are tremendous prospective in Indian corporate and capital market.

THREATS:

The major threat is Political factor which influence the govt.policies like: disinvestments, taxation, growth rate , FDI, budget etc.and the stability of the ruling government. Therefore capital market is uncertain and volatile.

OUTLOOK-FUTURE PROSPECTUS

Corporate Finance will be the main focus in the coming year. The year ahead will be challenging and hopefully exciting, being bright prospectus of Indian corporate and capital market.

INTERNAL CONTROL

The company has an adequate system of internal control to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with all rules, procedures and guideline prescribed by the management.

RISK :

Most market participants have been marginalized over a period of time. Hence confidence building measures will take a much longer time to put in place. Besides net worth erosion has been serious, in the case of investors. Hence their ability and willingness to return to the capital markets will take time. While we believe that measures are being put in place by regulatory authorities, we believe that a patient approach may be in order.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION FRONT:

There has been no material development on the Human Resource/Industrial Relations Front during the year. Employee relation at all levels continues to remain cordial. The company had 5 employees as on March 31st, 2007